

FACTS II

Investments in Treasury Securities and Agency Securities

**Proposed Changes
to the Standard General Ledger**

**SGL Board Meeting
August 28, 1997**

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FACTS II-Investments

Revolving Funds - Investments in Securities Issued by the Bureau of Public Debt

1. Trial balance as of October 1, Year 1

Trial Balance		
<u>Proprietary</u>		
1010 Fund Balance with Treasury	1,000	
3310 Cumulative Results of Operations		1,000
<u>Budgetary</u>		
4201 Total Actual Resources	1,000	
4450 Unapportioned Authority Available		1,000

2. XYZ submits an S.F. 132 to OMB. OMB approves and apportions the funding request. The apportioned funds contain carryover funds of \$1,000 and anticipated earnings of \$100 from investments in U.S. Treasury securities issued by the Bureau of Public Debt.

2a. To record anticipated earnings

Proprietary

None

Budgetary

4210 Anticipated Reimbursements and Other Income	100	
4450 Unapportioned Authority-Available		100

2b1. To record the apportionment for the carryover

Proprietary

None

Budgetary

4450 Unapportioned Authority-Available	1000	
4510 Apportionments		1000

2b2. To record the apportionment for the anticipated earnings on investment

Proprietary

None

Budgetary

4450 Unapportioned Authority-Available	100	
4590 Apportionments-Unavailable		100

3. At the beginning of the fiscal year XYZ invests in U.S. Treasury security A issued by the Bureau of Public Debt. The security has a par value of \$500 and was purchased at a discount of \$50.

Proprietary

1610 Investments in U.S. Treasury Securities Issued by the Public Debt**	500	
1611 Discount on U.S. Treasury Securities Issued by the Public Debt**		50
1010 Fund Balance with Treasury		450

Budgetary

None

4. The agency receives an interest payment of \$10 for Public Debt security A.

Proprietary

1010 Fund Balance with Treasury	10	
5310 Interest Revenue		10

Budgetary

4252 Reimbursements and Other Income Earned - Collected	10	
4210 Anticipated Reimbursements and Other Income		10
4590 Apportionments-Unavailable	10	
4510 Apportionments-Available		10

5. The quarterly trial balance is as follows:

Trial Balance		
<u>Proprietary</u>		
1010	560	
1610**	500	
1611**		50
3310		1000
5310	<u>0</u>	<u>10</u>
	1060	1060
<u>Budgetary</u>		
4201	1000	
4210	90	
4252	10	
4450		0
4510		1010
4590	<u>0</u>	<u>90</u>
	1100	1100

Proprietary Equation:

Assets	equals	Liabilities plus Equity
1010 + 1610** + 1611**	=	3310 + 5310
\$560 + \$500 + (\$50)	=	\$1000 + \$10
\$1010	=	\$1010

Budgetary Equation:

Resources	equals	Status of Resources
4201 + 4210 + 4252	=	4510 + 4590
\$1000 + \$90 + \$10	=	\$1010 + \$90
\$1100	=	\$1100

6. Quarterly SF 133

2a. Unobligated bal. brought frwd.	4201B	1000
3a1. Spend auth fr offset coll, earn,col	4252	10
3c2. Spend auth fr offset coll, ant	4210E	90
7. Total Resources	CALC	1100
9a. Unob bal available		
9a1. Apport-currently avail	4510	1010
9a2. Anticipated	4590	90
Total status bud resources	CALC	1100

7. XYZ invests in security B with a par value of \$100 and a premium of \$12.

Proprietary

1610 Investments in U. S. Treasury Securities	100	
 Issued by the Public Debt**		
1612 Premium on U.S. Treasury Securities	12	
 Issued by the Public Debt**		
1010 Fund Balance with Treasury		112

Budgetary

4510 Apportionments Available	12	
4252 Reimbursements and Other Income		12
Earned-Collected		

8. Trial balance after investment in security B:

Trial Balance		
<u>Proprietary</u>		
1010	448	
1610**	600	
1611**		50
1612**	12	
3310		1000
5310	<u>0</u>	<u>10</u>
	1060	1060
<u>Budgetary</u>		
4201	1000	
4210	90	
4252		2
4510		998
4590	<u>0</u>	<u>90</u>
	1090	1090

Proprietary Equation:

<u>Assets</u>	<u>equals</u>	<u>Liabilities plus Equity</u>
1010 + 1610** + 1611** + 1612**	=	3310 + 5310
\$448 + \$600 + (\$50) + \$12	=	\$1000 + \$10
\$1010	=	\$1010

Budgetary Equation:

<u>Resources</u>	<u>equals</u>	<u>Status of Resources</u>
4201 + 4210 + 4252	=	4510 + 4590
\$1000 + \$90 + (2)	=	\$998 + \$90
\$1088	=	\$1088

9. Quarterly SF 133

2a. Unobligated bal. brought frwd.	4201B	1000
3a1. Spend auth fr offset coll, earned,col	4252	(2)
3c2. Spend auth fr offset coll, ant	4210E	90
7. Total Resources	CALC	1088
9a. Unob bal available		
9a1. Apport-currently avail	4510	998
9a2. Anticipated	4590	90
11. Total status bud resources	CALC	1088

10. Adjusting entries

Proprietary

a. Agency XYZ amortizes the discount on security A for \$25.

1613 Amortization of Discount and Premium 25
on U.S. Treasury Securities Issued by the
Public Debt**

5310 Interest Revenue 25

b. XYZ amortizes the premium on security B for \$6.

5310 Interest Revenue 6
1613 Amortization of Discount and Premium 6
on U.S. Treasury Securities Issued by the
Public Debt**

Budgetary

4590 Apportionments Unavailable 90
4210 Anticipated Reimbursements and 90
Other Income

11. Final SF 133

2a. Unobligated bal. brought frwd.	4201B	1000	
3a1. Spend auth fr offset coll, earned,col	4252	(2)	
3c2. Spend auth fr offset coll, ant	4210E	0	
7. Total Resources	CALC	998	
9a. Unob bal available			
9a1. Apport-currently avail	4510	998	
Total status bud resources	CALC	998	

12. Closing EntriesProprietary**To close revenue to results of operations**

5310 Interest Income	29	
3310 Cumulative Results of Operations		29

Budgetary**a) To close apportionments**

4510 Apportionments	998	
4450 Unapportioned Authority- Available		998

b) To consolidate resources

4252 Reimbursements and Other Income Earned-Collected	2	
4201 Total Actual Resources-Collected		2

13. Trial balance after closing entries:

Trial Balance		
<u>Proprietary</u>		
1010	448	
1610**	600	
1611**		50
1612**	12	
1613**	19	
3310		1029
5310	<u>0</u>	<u>0</u>
	1079	1079
<u>Budgetary</u>		
4201	998	
4252		0
4450		998
4510		0
4590	<u>0</u>	<u>0</u>
	998	998

Proprietary Equation:

<u>Assets</u>	<u>equals</u>	<u>Liabilities plus Equity</u>
1010 + 1610** + 1611** + 1612** + - 1613**	=	3310
\$448 + \$600 + (\$50) + \$12 + \$19	=	\$1029
\$1029	=	\$1029

Budgetary Equation:

<u>Resources</u>	<u>equals</u>	<u>Status of Resources</u>
4201	=	4450
\$998	=	\$998

Year 2

1. XYZ submits an S.F. 132 to OMB which is approved and apportioned. The apportioned funds consist of carryover funds of \$998 and anticipated earnings of \$100 from investments.

Refer to transaction #2, year 1, for entries.

2. Trail balance after apportionment is approved.

<u>Proprietary</u>		
1010	448	
1610**	600	
1611**		50
1612**	12	
1613**	19	
3310		1029
<u>Budgetary</u>		
4201	998	
4210	100	
4252		0
4450		0
4510		998
4590		100

Proprietary Equation:

<u>Assets</u>	<u>equals</u>	<u>Liabilities plus Equity</u>
1010 + 1610** + 1611** + 1612** + -1613**	=	3310
\$448 + \$600 + (\$50) + \$12 + \$19	=	\$1029
\$1029	=	\$1029

Budgetary Equation:

Resources	equals	Status of Resources
4201 + 4210	=	4510 + 4590
\$998 + \$100	=	\$998 + \$100
\$1098	=	\$1098

3. Security A matures.**3a. To record amortization of discount:**Proprietary

<i>1613 Amortization of Discount and Premium on</i>	25	
<i>U.S. Securities Issued by the</i>		
<i>Public Debt**</i>		
5310 Interest Revenue		25

Budgetary

None

3b. To record redemption:Proprietary

1010 Fund Balance with Treasury	500	
<i>1611 Discount on U.S. Treasury Securities Issued</i>	50	
<i>by the Public Debt**</i>		
<i>1610 Investments in U.S. Treasury Securities</i>		500
<i>Issued by the Bureau of Public Debt**</i>		
<i>1613 Amortization of Discount and Premium on</i>		50
<i>U.S. Securities Issued by the Bureau of</i>		
<i>Public Debt**</i>		

3c. The discount is realized as a budgetary resourceBudgetary

4252 Reimbursements and Other Income Earned	50	
4210 Anticipated Reimbursements and		50
Other Income		
4590 Apportionments-Unavailable	50	
4510 Apportionments-Available		50

4. Security B matures:

4a. To record amortization of the premium

Proprietary

5310 Interest Revenue	6	
<i>1613 Amortization of Discount and Premium</i>		<i>6</i>
<i>on U.S. Treasury Securities Issued by the</i>		
<i>Public Debt**</i>		

4b. To record redemption

Proprietary

1010 Fund Balance with Treasury	100	
<i>1613 Amortization of Discount and Premium on</i>	<i>12</i>	
<i>U.S. Securities Issued by the</i>		
<i>Public Debt**</i>		
<i>1610 Investments in U.S. Treasury Securities</i>		<i>100</i>
<i>Issued by the Public Debt**</i>		
<i>1612 Premium on U.S. Treasury Securities</i>		<i>12</i>
<i>Issued by the Public Debt**</i>		

5. Trial balance before adjusting and closing entries

Proprietary

1010	1048	
3310		1029
5310		19

Budgetary

4201	998	
4210	50	
4252	50	
4510		1048
4590		50

Proprietary Equation:**Assets equals Liabilities plus Equity**

1010 = 3310 + 5310

\$1048 = \$1029 + \$19

\$1048 = \$1048

Budgetary Equation:**Resources equals Status of Resources**

4201 + 4210 + 4252 = 4510 + 4590

\$ 998 + \$50 + \$50 = \$1048 + \$50

\$1098 = \$1098

STATEMENTS--Year 1

1. FMS 2108:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 5</u>	<u>Column 6</u>	<u>Column 11</u>
	1010 \$448	1010 \$448		
.971	<i>1610** \$600</i>		<i>1610** \$600</i>	
.911	<i>1611** (\$50)</i>		<i>1611** (\$50)</i>	
				4510 \$998

2. Balance Sheet

1a1. Fund balance with Treasury	1010	\$448
1a2. Investments	1610**	\$600
(Calc: 1610-1611+1612+/-1613)	1611**	(\$50)
	1612**	\$12
	1613**	\$19
3. Total assets	Calc	\$1029
Net Position:		
8.Cumulative Results of Operations	3310	\$1029

3. Statement of Net Cost

1. Program Costs		
D. Less Earned Revenues	5310	\$29
5. Net Cost of Operations	Calc	(\$29)

4. Statement of Changes in Net Position

1. Net Cost of Operations (from Net Cost Statement)		(\$29)
2. Financing Sources (other than exchange revenue)		NA
3. Net Results of Operations	Calc (2-1)	\$29
4. Prior Period Adjustments		NA
5. Net Change in Cumulative Results of Operations	Calc	\$29
6. Increase (Decrease) in UnexpApprop		NA
7.Change in Net Position	Calc (5 +/-6)	\$29
8. Net Position-Beginning of period	3310B	\$1000
9.Net Position-End of Period	Calc (7+8)	\$1029

5. Budgetary Resources

2A. Unobligated balance	4201B	\$1000
3A1. Spend A offset coll, earn,col	4252	(\$2)
5. Total budgetary resources	Calc	\$ 998
7A1. Unobligated balances avail-apport	4510	\$ 998
9. Total Status of Budgetary Resources	Calc	\$ 998

<u>1010</u>	<u>FBWT</u>	<u>1610 Securities PD**</u>	<u>1611 -Discount**</u>	<u>1612-Premium**</u>
1) 1000	3) 450	3) 500	3) 50	7) 12
4) 10	7) 112	7) 100	Y2	Y2
Y2		Y2	3b) 50	4b) 12
3b) 500		3b) 500		
4b) 100		4b) 100		

1613-Amortized Premium/Discount**

10a) 25	10b) 6
Y2	
3a) 25	3b) 50
4b) 12	4a) 6

3310-Cum Results Rev

1) 1000
12) 29

5310-Interest Rev (E)

10b) 6	4) 10
12) 29	10a) 25
Y2	
4a) 6	3a) 25

4201-Total Act Res-Collected

1) 1000	12b) 2
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4210-Ant Reimb &Other Inc

2a) 100	4) 10
	10) 90
Y2	
1) 100	3c) 50

4252-Reimb & Other Inc Earned-Coll

4) 10	7) 12
12b) 2	
Y2	
3c) 50	

4590-Appportionments-Unavailable

4) 10	2b2) 100
10) 90	
Y2	
3c) 50	1) 100

4450-Unapportioned Authority-Avail

2b1) 1000	1) 1000
2b2) 100	2a) 100
	12a) 998
Y2	
1) 998	1) 100
1) 100	

4510-Appportionments

7) 12	2b1) 1000
12a) 998	4) 10
Y2	
	1) 998
	3c) 50

4590-Appportionments-Unavailable

4) 10 2) 100
10) 90

Y2

3c) 50 1) 100

FACTS II-Investments
Trust Funds-Investments in Agency Securities

Year 1

1. Beginning trial balance :

Trial Balance		
<u>Proprietary</u>		
1010 Fund Balance with Treasury	50,000	
3310 Cumulative Results of Operations		50,000
<u>Budgetary</u>		
4201 Total Actual Resources-Collected	50,000	
4620 Other Funds Available for Commitment/Obligation		50,000

2. Agency XYZ purchases a \$1000 Agency security for \$900.

Proprietary

1620(G) Investments in Securities Other than Public Debt Securities**	1000	
1621(G) Discount on Securities Other than Public Debt Securities**		100
1010 Fund Balance with Treasury		900

Budgetary

None

3. To record amortization of discount on September 30:

Proprietary

1623(G) Amortization of Discount and Premium	50	
on Securities Other than Public Debt Securities**		
5310 Interest Revenue		50

Budgetary

No entry

4. Preclosing trial balance:

Preclosing Trial Balance		
<u>Proprietary</u>		
1010 Fund Balance with Treasury	49,100	
1620(G) Investments in Securities Other	1,000	
than Public Debt Securities **		
1621(G) Discount on Securities Other than		100
Public Debt Securities**		
1623(G) Amortization of Discount and	50	
Premium on Securities Other than		
Public Debt Securities**		
3310 Cumulative Results of Operations		50,000
5310 Interest Revenue	<u>0</u>	<u> </u>
<u>50</u>		
	50,150	50,15
0		
<u>Budgetary</u>		
4201 Total Actual Resources-Collected	50,000	
4620 Other Funds Available for Commitment	<u>0</u>	
<u>50,000</u>		
/Obligation		
	50,000	
50,000		

5. SF 133

2a. Unobligated bal. brought frwd.	4201B	50,000
7. Total Resources	CALC	50,000
9b. Unobligated bal avail, exempt from	4620	50,000
11. Total status bud resources	CALC	50,000

6. Closing entries

Proprietary

5310 Interest Revenue	50	
3310 Cumulative Results of Operations		50

Year 2

1. The Agency security matures.

1a. To record amortization of discount:

Proprietary

<i>1623(G) Amortization of Discount and Premium on Securities Other than Public Debt Securities**</i>	<i>50</i>	
5310 Interest Revenue		50

1b. To record redemption:

Proprietary

1010 Fund Balance with Treasury	1,000	
<i>1621(G) Discount on Securities Other than Public Debt Securities**</i>	<i>100</i>	
<i>1620(G) Investments in Securities Other than Public Debt Securities**</i>		<i>1,000</i>
<i>1623(G) Amortization of Discount and Premium on Securities Other than Public Debt Securities**</i>		<i>100</i>

Budgetary

4119 Other Appropriations Realized	100	
4620 Other Funds Available for Commitment /Obligation		100

2. Preclosing trial balance, Year 2:

Preclosing Trial Balance		
<u>Proprietary</u>		
1010	50,100	
3310		50,050
5310		50
<u>Budgetary</u>		
4119	100	
4201	50,000	
4620		50,100

3. Closing entries

Proprietary

5310 Interest Revenue	50	
3310 Cumulative Results of Operations		50

Budgetary

4201 Total Actual Resources-Collected	100	
4119 Other Appropriations Realized		100

Year 3

1. Beginning trial balance

Beginning Trial Balance**Proprietary**

1010	50,100	
3310		50,100

Budgetary

4201	50,100	
4620		50,100

2. On April 1 a \$5,000 Agency security is purchased for \$5,200. Interest is payable October 1 and April 1.

Proprietary

1620(G) Investments in Securities Other than Public	5,000	
 Debt Securities**		
1622(G) Premium on Securities Other than Public Debt	200	
 Securities**		
1010 Fund Balance with Treasury		5200

Budgetary

4620 Other Funds Available for Commitment/Obligation	200	
4119 Other Appropriations Realized		200

3. To record interest receivable on September 30

Proprietary

1340 Interest Receivable	250	
5310 Interest Revenue		250

Budgetary

4119 Other Appropriations Realized	250	
4620 Other Funds Available for Commitment/Obligation		250

4. To record amortization of premium on September 30

Proprietary

5310 Interest Receivable

100

***1623(G) Amortization of Discount and Premium on
Securities Other than Public Debt Securites*****

100

5. Preclosing trial balance-Year 3

Proprietary

1010	44900	
1340	250	
1620(G)**	5000	
1622(G)**	200	
1623(G)**		100
3310		50100
5310		150

Budgetary

4119	50	
4201	50100	
4620		50150

6. Closing entries

Proprietary

5310 Interest Revenue	150	
3310 Cumulative Results of Operations		150

Budgetary

4201 Total Actual Resources	50	
4119 Other Appropriations Realized		50

Year 4

1. Beginning trial balance

<u>Proprietary</u>			
1010	44900		
1340	250		
1620(G)**	5000		
1622(G)**	200		
1623(G)**		100	
3310		50250	
<u>Budgetary</u>			
4201	50150		
4620		50150	

2. Interest is collected on interest payment date, October 1

Proprietary

1010 Fund Balance with Treasury	250	
1340 Interest Receivable		250

Budgetary

4119 Other Appropriations Realized	250	
4620 Other Funds Available for Commitment/Obligation		250

3. The security matures.

3a. To record amortization of premium on April 1.

Proprietary

5310 Interest Revenue	100	
<i>1623(G) Amortization of Discount and Premium on Securities Other than Public Debt Securities**</i>		<i>100</i>

Budgetary

None

3b. To record redemption of security and collection of interest on April 1

Proprietary

1010 Fund Balance with Treasury	5250	
<i>1620(G) Investments in Securities Other than Public Debt Securites**</i>		<i>5000</i>
5310 Interest Revenue		250
<i>1623(G) Amortization of Discount and Premium on Securities Other than Public Debt Securities**</i>	<i>200</i>	
<i>1622(G) Premium on Securities Other Than Public Debt Securities**</i>		<i>200</i>

Budgetary

4119 Other Appropriations Realized	250	
4620 Other Funds Available for Commitment/Obligation		250

4. Preclosing trial balance - Year 4

Proprietary

1010	50400	
3310		50250
5310		150

Budgetary

4119	500	
4201	50150	
4620		50,650

1. FMS 2108 -Year 1:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 5</u>	<u>Column 6</u>	<u>Column 11</u>
	1010 \$49,100	1010 \$49,100		
.972	<i>1620** \$1000</i>		<i>1620** \$1000</i>	
.911	<i>1621** (\$100)</i>		<i>1621** (\$100)</i>	
				4620 \$50,000

T-Accounts

<u>1010 Fund Balance with Treasury</u>			
Y1 1)	50,000	2)	900
Y2 2)	1,000		
Y3		2)	5,200
Y4 2)	250		
3B)	5,250		
	56,500		6,100
Balance			50400

<u>1340 Interest Receivable</u>			
Y3 3)	250		
Y4		2)	250
	250		250
Balance			0

<u>1620G Investments</u>			
Y1 2)	1,000		
Y2		1B)	1,000
Y3 2)	5,000		
Y4		3B)	5,000
	6,000		6,000
Balance			0

<u>1621G Discount</u>			
Y1		2)	100
Y2 1B)	100		
	100		100
Balance			0

<u>1623G Amortization</u>			
Y1 3)	50		
Y2 1A)	50	1B)	100
Y3		4)	100
Y4		3A)	100
3B)	200		
	300		300
Balance			0

<u>1622G Premium</u>			
Y3 2)	200		
Y4		3B)	200
	200		200
Balance			0

<u>3310 Cum Results</u>			
Y1		1)	50,000
		6)	50
Y2		3)	50
Y3		6)	150
	0		50,250
Balance			50250

<u>5310 Interest Revenue</u>			
Y1 6)	50	3)	50
Y2 3)	50	1A)	50
Y3 4)	100	3)	250
6)	150		
Y4 3A)	100	3B)	250
	450		600
Balance			150

<u>4201 Total Actual Resources</u>		
Y1 1)	50,000	
Y2 3)	100	
Y3 6)	50	
	50,150	0
Balance		50150

<u>4119 Other Appropriations Realized</u>			
Y2 1B)	100	3)	100
Y3 3)	250	2)	200
		6)	50
Y4 2)	250		
3B)	250		
	850		350
Balance			500

<u>4620 Other Funds Avail for Comm</u>			
Y1		1)	50,000
Y2		1B)	100
Y3 2)	200	3)	250
Y4		2)	250
		3B)	250
	200		50,850
Balance			50650

FACTS II-Investments

Proposed New Accounts:

Account Title: Investments in U.S. Treasury Securities Issued by the Bureau of Public Debt

Account Number: 1610

Normal Balance: Debit

Type of Account: Posting

Definition: The par value of U.S. Treasury securities issued by the Bureau of Public Debt that are held by an agency. This includes marketable Treasury securities, non-marketable Treasury securities, and market-based Treasury securities.

Account Title: Discount on U.S. Treasury Securities Issued by the Public Debt

Account Number: 1611

Normal Balance: Credit

Type of Account: Posting

Definition: The full discount on U. S. securities issued by the Bureau of Public Debt held by an agency.

Account Title: Premium on U.S. Treasury Securities Issued by the Public Debt

Account Number: 1612

Normal Balance: Debit

Type of Account: Posting

Definition: The full premium on securities issued by the Bureau of Public Debt and held by an agency.

Account Title: Amortization of Discount and Premium on U.S. Treasury Securities Issued by the Public Debt

Account Number: 1613

Normal Balance: Either

Type of Account: Posting

Definition: The amortized amount of premiums and discounts on securities issued by the Bureau of Public Debt held by an agency.

Account Title: Investments in Securities Other than Public Debt Securities
Account Number: 1620
Normal Balance: Debit
Type of Account: Posting

Definition: The par value of U.S. securities issued by Federal agencies and the par value of securities issued by non-Federal entities.

Account Title: Discount on Securities Other than Public Debt Securities
Account Number: 1621
Normal Balance: Credit
Type of Account: Posting

Definition: The full discount on securities other than Public Debt securities that are held by an agency.

Account Title: Premium on Securities Other than Public Debt Securities
Account Number: 1622
Normal Balance: Debit
Type of Account: Posting

Definition: The full premium on securities other than Public Debt Securities that are held by an agency.

Account Title: Amortization of Premium and Discount on Securities Other than Public Debt Securities
Account Number: 1623
Normal Balance: Either
Type of Account: Posting

Definition: The amortized amount of premiums and discounts on securities other than Bureau of Public Debt securities that are held by an agency.